



**FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)
APPEAL DECISION**

FEMA Flood Insurance Appeal Decision #B7

OVERVIEW

The policyholders filed an appeal in December 2019, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied their claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a flood event dated September 2019.²

In its review, FEMA found the following facts relevant:

- At the time of the loss, the policyholders had \$250,000 in building coverage and \$100,000 in personal property coverage.
- The insured property is a pre-FIRM (Flood Insurance Rating Map), single family dwelling with a concrete slab-on-grade foundation.
- The policyholders filed a claim with the insurer and the insurer assigned an adjuster to inspect the property. In September 2019, the adjuster inspected the property and was unable to confirm a general and temporary condition of flooding. The adjuster found no interior or exterior flood levels, no flood damage to the insured property, and no evidence of flooding in the area.
- The insurer reviewed the information from the adjuster’s inspection. After review, the insurer issued a letter to the policyholders dated November 2019, denying coverage for the claim because there was no evidence of a general and temporary condition of flooding at the described location on the reported date of loss.
- The policyholders appeal the insurer’s decision to deny coverage. The policyholders write they believe a general condition of flood existed and caused damage to the flooring in their home. With their appeal, the policyholders provide photographs of neighboring homes with ponding water in the yards.

¹ See 44 C.F.R. § 61.13 (2018); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1)[hereinafter “SFIP”].

² The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders’ claim. The policyholders’ appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

RULES

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders comply with all terms and conditions of the SFIP.³

A flood is a temporary inundation of two or more acres of dry land or two or more adjoining properties, one of which is the policyholders' property, by inland or tidal overflow; rapid accumulation of rainfall or snowmelt; or mudflow. In order to qualify for coverage, the SFIP requires that a general condition of flooding must be established at the described location on the reported date of loss.⁴

The SFIP excludes water or water-borne material that seeps or leaks on or through covered property, unless there is a flood in the area.⁵

The SFIP requires the policyholders to submit documentation that fully supports the items being claimed and the payment requested amount. The SFIP places the documentation requirements to substantiate and support their loss on the policyholders.⁶

ANALYSIS

The policyholders appeal the insurer's denial and contend the damage to their flooring should be covered.

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders comply with all terms and conditions of the SFIP. The SFIP only pays for damage to the insured property caused by direct physical loss or from flood (as defined under the SFIP), on the reported date of loss. A general and temporary condition of flooding as defined by the SFIP must be established at the insured location in order to qualify for coverage. For this condition of flooding to be established, there must be evidence that two or more properties (one of which is the policyholders') or two or more acres were affected by an inundation of flood waters.

FEMA reviewed the claim file and notes the adjuster did not attempt to take any close-up photographs of the exterior or interior for possible water debris lines. Additionally, there is no documentation in the file to suggest the adjuster canvassed the area for nearby flooding. The tropical storm was a major flood event in the regional area surrounding the policyholders' property. FEMA reviewed the National Flood Insurance Program flood claims database and notes there were several claims reported and paid on the street where the policyholders' property is located. FEMA's review finds that the photographs provided by the policyholders confirm that a general and temporary condition of flood existed. The photographs demonstrate water and ponding in the street and neighboring yards which show that the rain affected two or more properties.

³ See SFIP (I), (II)(B)(12).

⁴ See SFIP (II)(A).

⁵ See SFIP (V)(D)(5)(c).

⁶ See SFIP (VII)(J)(3)-(5).

Based on the facts and analysis above, FEMA overturns the denial and instructs the insurer to re-evaluate the claim. FEMA's review finds the basis to deny the claim due to no general and temporary condition of flood is not clearly supported in the claim file. It appears the damage to flooring was likely caused by water seepage (which is covered if there is a general and temporary condition of flooding in the area) or surface flood water. Roof runoff of water likely collected around the building and was unable to drain into the soil due to heavy rainfall, saturated soil conditions, and street flooding, which extended onto many properties in the nearby area.

FEMA recommends the insurer appoint a senior claim representative to review this matter. The policyholders should submit to the representative documents that supports their loss: (1) all proof of repairs and prices with photos for all repaired damages, and (2) for damages not yet repaired, all contractor-signed repair agreements with corresponding estimates for damages and photos that are not repaired. The SFIP requires the policyholders to submit documentation that fully supports the items being claimed and the payment requested amount. The SFIP places the documentation requirements to substantiate and support their loss on the policyholders. Any further adjustment of the claim remains under the direction of the insurer in accordance with the terms and conditions of the SFIP.

CONCLUSION

Based on the facts and analysis above, FEMA overturns the insurer's decision to deny the claim due to no general and temporary condition of flooding.